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## China, Peoples Republic of

### Agricultural Situation

### 2009 Agriculture Policy Directive

### 2009

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**Report Highlights:**

In January 2009, the Chinese Central Committee of the Communist Party issued its annual summary of efforts planned to address the range of rural issues in the upcoming year. This document reaffirms China's emphasis on increasing rural incomes through investments in infrastructure, price supports, subsidies, and other transfers to the rural sector. This report contains an UNOFFICIAL translation of the document.

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**Executive Summary:** In January 2009, the Chinese Central Committee of the Communist Party issued 2009 Document No. 1, its annual summary of efforts planned address the range of rural issues in the upcoming year. This document reaffirms China's emphasis on increasing rural incomes through investments in infrastructure, price supports, subsidies, supporting production, financial services, food safety, and other transfers to the rural areas. Particular areas of interest in 2009 include a greater emphasis on credit, farm subsidies, and infrastructure development. Important sections include: Section 2 - agricultural subsidies; Section 3 - price supports; and Section 9 – trade. Other interesting sections repeatedly note the increasing government support to the “dragon head” enterprises, i.e. sector specific national champion companies.

This report contains an UNOFFICIAL translation of the document.

BEGIN TRANSLATION

### **Central Committee of the Communist Party - 2009 Document No. 1.**

#### **Several Opinions of the Central Committee of the Chinese Communist Party and the State Council on promoting stable development of agriculture and sustained income growth of farmers in 2009**

In consideration of the overall arrangement of the socialist undertaking with Chinese characteristics and the strategy of constructing better-off society all around, the 3<sup>rd</sup> Plenary Session of the 17<sup>th</sup> Congress of the Chinese Communist Party presented the blueprint for the construction of better rural China and formulated the action plan for promoting rural reform and development. Localities and departments are urged to seriously study and deeply comprehend the spirit of the Plenary Session, firmly carry forward the socialist new countryside, unswervingly follow agricultural modernization with Chinese features, steadfastly accelerate the formation of the new pattern of integrated urban and rural economic and social development and truly implement the fundamental policies tabled in the Decision of the Central Committee of the Chinese Communist Party and the State Council on Several Important Issues of Promoting Rural Reform and Development.

In 2008, localities and departments seriously implemented the decisions and plans of the Central Committee and won the fight against severe natural disasters and overcame multiple difficulties and risks, as a result, agriculture and rural areas continued to maintain a good development pattern. Bumper harvests were once again registered in agricultural production, total grain production reached a new high, farmers' income increased rapidly, rural public service sector development accelerated and the relations between the Party and the masses and between the cadres and the masses in rural areas continued to improve. The good situation in agriculture and rural areas laid a solid foundation for the Party and the State to successfully accomplish important events and appropriately cope with difficulties, and made great contribution to maintaining steady and fast economic development as well as social harmony and stability.

At present, the international financial crisis continues to spread and the growth of the world economy slowed down significantly, while its negative impact on Chinese economy is increasingly deepening and its effect on agricultural and rural development continues to emerge. The year of 2009 might be the most difficult year for the economic development of the country since the arrival of the new century; it is also a year during which it will be extremely arduous to consolidate and develop the good situation of agriculture and rural areas. On the high platform of 5 consecutive years of production increase, the task of maintaining steady grain production development is heavier; under the situation where

prices of resource products at domestic and international markets are universally decreasing, the difficulties to maintain the prices of agricultural products at a reasonable level have become more difficult; in the atmosphere that the entire society attaches great attention to food quality and safety, the requirements of maintaining further improvement of agricultural product quality and avoiding risks in production and circulation are more imperative; under the severe situation of employment of migrant farmers, the limitation of maintaining rather fast growth of farmers' income is more important. We must truly increase awareness about crises, full estimate difficulties and firmly seize opportunities, decisively adopt measures to resolutely prevent a decline of grain production, stagnation of farmers' income and to ensure steady agricultural development and rural social stability.

It bears unique significance to do a good job in agriculture and rural work in 2009. Rural areas have the great potential in expanding domestic demand; agriculture is the fundamental pillar for the realization of steady and fast economic development; and farmers are the priority for improving people's livelihood. The overall requirement for agriculture and rural areas in 2009 will focus on maintaining steady and fast development of agricultural and rural economy as the paramount task while implementing the spirit of the 17<sup>th</sup> Party Congress, the 3<sup>rd</sup> Plenary Session of the 17<sup>th</sup> Party Congress and the Conference of Economic Works of the Central Committee, upholding the great banner of socialism with Chinese characteristics, with Deng Xiaoping's thoughts and the important thoughts of the "three represents" as guidance, and taking a scientific and development outlook. With stabilizing grain production, increasing income, reinforcing the foundation and stressing people's livelihood, we will further strengthen farmer-benefiting policies, enhance the support of science and technology, intensify inputs, optimize industrial structure and promote reform and innovation. All efforts will be made to ensure national food security and effective supply of major agricultural products, to promote steady growth of farmers' income and to continue to provide forceful guarantee to the fast and smooth economic and social development.

## **I. Strengthening protection of and support for agriculture**

### **1. Further increasing input in agriculture and rural areas**

The expansion of domestic demand and implementation of an active financial policy will focus on agriculture, rural area and farmers (*sannong*) as the priority input. State input in rural infrastructure facility construction and social undertaking will be increased substantially, the proportion of budgeted investment in fixed assets in agriculture and rural areas will be increased and the use of the incremental state bonds will tilt to "*sannong*". Out of the incremental proceeds of arable land occupation tax and government's land lease, the proportion to be used in agriculture will be markedly increased. After the increase of the arable land occupation tax, all the incremental proceeds will be used in agriculture, and the proceeds land leases will be used to support agricultural land development and rural infrastructure facility construction as the priority. Input in rural public goods projects in central and western areas in China will be greatly increased. Starting from 2009, the counterpart funding requirement at the county level and below for public goods construction projects arranged by the state in the central and western regions will be abolished, such as dam reinforcement, ecological construction, safe drinking water in rural areas and system component renovation of large and medium scale irrigation. The incremental part of urban maintenance construction tax will be mostly used for township and village construction planning and construction and maintenance of rural infrastructure facilities. Localities with appropriate conditions can establish policy-oriented agricultural investment company and agricultural industrial development fund.

### **2. Substantially increasing subsidies to agriculture**

On the basis of substantively increased subsidies in the previous year, subsidy funds will be further increased in 2009. Direct subsidies to grain growers will be increased. We will

increase subsidies to improved varieties to realize that the acreage of rice, wheat, corn and cotton is completely covered by improved varieties, and the subsidy scope for rapeseed and soybean will be expanded. Subsidies for the procurement of agricultural machinery will be increased, advanced and practical, safe and reliable, energy conservation and environment friendly agricultural machinery with mature technologies and good services will be incorporated in the catalogue of subsidies. The scope of subsidies will cover all agricultural and pastoral counties (farms), so as to lead popular application of agricultural machinery and the development of the agricultural machinery industry. Comprehensive subsidies to agricultural production materials will be increased, the dynamic adjustment mechanism of subsidies will be improved, monitoring of the cost and benefit of agricultural production will be enhanced. In line with the price increase of agricultural production materials and the actual acreage of crops, subsidies will be increased in a timely manner. In accordance with the requirements of clear targeting, convenience, high efficiency, and being conducive to encourage grain production, agricultural subsidy methods will be improved. In association with actual situation of incremental agricultural subsidies, subsidies to grain production by large specialized households and family farms will be gradually increased.

### 3. Maintaining reasonable price levels for agricultural products

We will closely watch the changes of domestic and international agricultural product markets, timely strengthen government regulation and flexibly measures to avoid the sliding of agricultural product prices and prevent low prices from hurting farmers, so as to guarantee the steady income growth of agricultural operations. In 2009, we will continue to increase the minimum purchase price of grains. National reserves of grain, cotton, edible vegetable oil and pork will be increased and local grain and edible oil reserves for 2009 must be completely implemented following the stipulated scale. Temporary purchases and reserves of major agricultural products can be initiated at appropriate times and enterprises are encouraged to increase commercial purchase and reserve. Coordination of north-south grain transportation and transportation of Xinjiang's cotton should be strengthened, policies of subsidy and reduction and exemption of related transportation cost will continue to be implemented, enterprises from the marketing areas are supported to purchase in the producing areas. The opportunity and rhythm of major agricultural product import and export should be well mastered, support will be given to the export of advantageous agricultural products and measures should be taken to prevent excessive import of some products to impact the domestic market.

### 4. Enhancing rural financial service capacity

We will formulate implementation methods to encourage county level financial institutions of the banking industry to use the newly absorbed deposits for lending in local areas and independent examination mechanisms will be established. Under the conditions of strengthened supervision and risk prevention, we will speed up the development of multiple types of rural new financing organizations and regional medium and small banks that serve rural areas as the primary client. Financing institutions will be encouraged and supported to innovate rural new financing products and services, micro credit and micro financing services will be developed, rural micro financing organizations can through multiple methods get finance from financing institutions. The market consumption credit in rural areas should be actively expanded. Loans released against collateral as large agricultural production equipment with clearly defined property rights and controllable risk, forest rights and the use rights of four types of barren lands will be implemented in accordance with law, pledge loans against rights of receivables, warehouse receipts, transferable shares, patents and exclusive trademark rights should be carried out in accordance with laws. The concrete methods should be developed in a timely fashion for tax reduction and exemption and cost subsidy for agro-loans, medium and long term credit support of policy financing to agriculture and trials of credit cooperation to be carried out by farmer specialized cooperatives. The conditions for canceling bad debts of agriculture related loans of financing institutions will be relaxed.

Efforts will be made to speed up the development of agriculture insurance policies, to expand the trial scope, to increase insurance products, to increase subsidy of the central government finance to the insurance premium of the central and western regions. The establishment of an agriculture reinsurance system and risk diffusion mechanism supported by finance for extreme disaster will be speeded up, while we encourage the development mutual cooperative insurance and commercial insurance in rural areas. The establishment of bank and insurance interactive mechanism of rural credit and agriculture insurance will be explored.

## **II. Steady development of agricultural production**

### **5. Strengthening support to grain production**

The grain sowing area should be stabilized, variety structure should be optimized and yield should be increased to continuously enhance comprehensive production capacity. We will establish and improve interest compensation mechanism of the major grain producing areas. In line with the contribution of the major grain producing areas to national food security, funds for general transfer payments and bonus to counties of large grain production will be increased. Investment in the construction of agricultural infrastructure facilities and funds for integrated agricultural development should be arranged as a priority, support will be given to the development of the grain industry and dragonhead enterprises. It is to guide the establishment of interest integration mechanisms between the producing and marketing areas, to promote accelerated economic and social development of the major producing areas so as to ensure that the major producing areas will get reasonable interest compensation and grain growers will get reasonable economic benefit. Abolishment of counterpart funding requirement for grain risk fund in major producing areas should be accelerated. We will promote the building of grain production capacity for an incremental 50 billion kg, with county (farm) in the major producing area as a unit, inputs will be concentrated on integrated development. The provincial governor responsibility system for "grain bag" should be further strengthened, all localities must assume the responsibilities of protection of arable land and water resources, grain production and marketing and market regulation, effective food security supervision and inspection and performance examination mechanism will be established at all levels. In association with reinvigorating the old industrial bases of the northeast, modern agricultural development should be accelerated. The active role of state-owned farms in constructing modern agriculture and securing national food security must fully be tapped.

### **6. Supporting advantageous producing areas to develop production of cash crops as oil-bearing crops in geographically compact areas**

We will speed up a new round of regional distribution planning of advantageous agricultural products. Various policy measures of the state supporting oil-bearing crop production must be implemented, the production bases of high quality soybean in the northeast and Inner Mongolia and the "low oleic acid and thioglucoside" rapeseeds along the Yangtze River basin will be strengthened. The national woody plant oil industry development plan should be formulated and implemented as soon as possible, focusing support on suitable areas to develop oil camellia and other woody plant oil industry, and breeding and popularization of high yield and high quality varieties should be accelerated. Cotton production should be steadily developed, the construction of cotton production bases of the Yangtze River basin and 3H areas will be launched. Advantageous areas will be supported to develop sugar, potato and natural rubber crops and actively promote horticulture crop production, such as vegetable, fruit, tea and flower.

7. Accelerating the development of scale and standardized healthy production of livestock and aquaculture

Through adopting market early warning measures, reserve regulation, increasing insurance products and futures trading, it is to steadily develop pig production. Subsidy policies for improved breeds of pigs and production sows will be implemented continuously, the scope of award to counties with large export volume of pigs to other parts of the country will be expanded. Policies of subsidizing improved dairy cows and feeding of high quality dairy cows will be implemented continuously, financial award policies will be implemented in counties of large dairy production. Efforts will be made to support enterprises to establish standardized milking stations to ensure the quality of source milk. Investment in standardized scale livestock and poultry production farm projects should be increased, support through credit should be increased, land policies of animal farms should be implemented. It is necessary to intensify efforts in improved breeds programs for livestock, poultry and aquaculture, to enrich the contents of animal disease prevention system development, speed up the construction of animal labeling and disease tracking system and put in place the subsidy funds for village disease prevention workers. The demonstration area (farm) of healthy aquaculture production will be expanded. Fish catching breaks and bans system will be continued, aquarist resource nurturing and protection such as increasing fingerling production for release into nature should be intensified. The construction scale of fishing ports, fishing vessel navigation signs and fishing vessel safety facilities should be expanded, ocean fishery industry will be supported and strengthened.

8. Exercising strict supervision on the quality and safety of farm products from farmer's field to table

The Law of Food Safety should be promulgated as soon as possible, corresponding regulations and bylaws to match with the agricultural product quality and safety law should be formulated and improved, supervision working mechanism for responsibility division and cooperation should be improved, further exploration on more effective food safety supervision should be carried out, strict food quality and safety tracking system, recall systems and market access and withdrawal systems should be implemented. We will speed up the construction of agricultural production quality and safety inspection and testing systems, improve agricultural product quality and safety standards and strengthen certification of the qualification of the inspection and testing institutions. The scope of agricultural products and foods for routine inspection should be expanded; the costs for compulsory inspection and quarantine will be gradually sorted out and reduced. Feedstuff safety supervision system will be improved to promote the healthy development of the feedstuff industry. Enterprises' responsibilities for quality and safety will be intensified and self-inspection will be carried out for each batch of products marketed. Credit checking system for quality and safety of agricultural products and food production and management should be established. Special campaigns will be launched to firmly curb pesticide and veterinary (fish) drug abuse in violation of laws. Construction of standardized agricultural demonstration parks should be speeded up to push forward dragonhead enterprises, farmer specialized cooperatives and specialized large households to implement standardized production ahead of others and support the construction of the production bases of green and organic agricultural products.

9. Strengthening regulation of import and export of agricultural products

High efficiency and flexible agricultural product import and export regulation mechanism should be improved to coordinate domestic and international trade and build closer communication and consultation among the government, associations and enterprises. The scope of credit insurance for agricultural product export should be expanded and efforts will be made to explore risk prevention mechanism of combining export credit insurance with agricultural insurance and export credit. Favorable credit policy will be adopted for the export



of labor and technology intensive agricultural products. Agricultural enterprises with transnational operations will be fostered. Following the rule of WTO, access system for foreign ventures to engage in agricultural product and agricultural input operations will be improved, the security examination scope and procedures for foreign ventures to merge domestic agro-enterprises will be clearly defined and joint meeting mechanism will be established.

### **III. Strengthening modern agricultural material support and service system**

#### **10. Speeding up agricultural technological and scientific innovation**

Inputs for agricultural technology and science will be increased, multiple channels will be explored to raise funds, agricultural scientific and technological innovation funds will be established and scientific research on priority fields, important products and core technologies will be supported as the priority. The important science and technology program of breeding of GMO new varieties should be accelerated, scientific research resources should be consolidated to intensify research and development, to breed as soon as possible high efficiency, high yielding and high quality GMO varieties that can resist pests and stresses, and to promote the formation of industrialization. Technological important projects of strong heterogenesis of major crops will be implemented. Agricultural IPR protection will be intensified. Dragonhead enterprises will be supported to implement national S&T projects. We will strengthen and improve modern agricultural integration technology system, promote activities of achieving high yield of grain, oil-bearing crops and cotton, support S&T personnel and university graduates to work at the frontline of agro-technological extension. Agricultural S&T training will be carried to nurture a new type of farmers. Through commissioning and bidding, farmer specialized technological association and other civil organizations will be guided to implement agricultural technological extension service projects of public goods.

#### **11. Accelerating the construction of high grade standard farmland**

Great efforts will be made to improve land, carry out planning, arrange various construction funds, in a coordinated manner, for land improvement and reclamation, integrated agricultural development, to implement rural land improvement in compact areas and promote integrated improvement of farmland, irrigation facilities, roads and forests. Medium and low yield farmland will be renovated and the proportion of high quality farmland will be increased. The "Fertile Soil Program" will be continued, the scope of fertilizer application according to soil test will be expanded. Trials of award and subsidy to encourage farmers to use organic fertilizer, plant green manure and return crop stalk to farm field will be carried out. Protective tillage will be developed with great efforts and upland agricultural development program will be implemented in a speedy manner.

#### **12. Strengthening construction of water conservancy infrastructure facilities**

Harnessing big rivers and important medium and small rivers should be strengthened, a number of large and medium water conservancy hub projects will be constructed. Progress of reinforcing and risk eradication of dangerous large and medium and important small reservoirs will be speeded and the quality of works must be ensured. The investment scale will be increased focusing on speeding up the componential construction and water-saving renovation of large irrigation projects. The regeneration and renovation scale and scope of large irrigation and drainage pumping station will be expanded, regeneration and renovation of high elevation pumping stations along the Yellow River in the northwest and drainage pumping station in water logged areas of the northeast will be launched. Water-saving renovation of hub works of medium irrigation schemes in comprehensive agricultural development should be strengthened in continuity. Earmarked subsidy fund from the central and provincial finance to the construction of small-scale on-farm irrigation works will be increased. In accordance with the planning, investment will be consolidated to push forward

on-farm works of large and medium irrigation schemes and water-saving renovation of small irrigation projects, high efficiency water-saving irrigation technologies will be popularized, in line with local conditions, small and micro water source projects to hedge against drought will be constructed and water conservancy in pastoral areas will be developed. The construction of important water source projects and their component irrigation schemes will be strengthened. Water conservancy project management and rural water conservancy system reform will be promoted, financial subsidy system for the operation management of agricultural irrigation works will be explored and comprehensive reform trials to alleviate the burden of agricultural water use will be initiated.

### 13. Accelerating promotion of agricultural mechanization

Agricultural mechanization enhancement programs will be launched focusing on the construction of demonstration bases and field roads, improvement of agricultural machinery extension services and safety supervision capacity. Mechanization of sowing and harvesting of major grain and oil-bearing crops should be popularized; R&D of lightweight and convenient agricultural machinery for hilly areas and large-scale agricultural machinery suitable for operation of large areas should be speeded up. Support will be given to technological transformation of the agricultural machinery industry to increase the applicability and durability of agricultural machinery products, and the post-sales service should be truly enhanced. Trials of subsidizing mechanized operations at the important stages should be undertaken. Credit support will be given to the procurement of large and medium-sized agricultural machinery by large agricultural machinery farmer households, large grain producing households and agricultural machinery service organizations. Agricultural fuel supply guarantee mechanism will be improved and the economic compensation system will be established for the regeneration and scrapping of high energy consumption agricultural machineries.

### 14. Promoting the construction of key ecological projects

The achievements of arable land conversion will be consolidated and we will continue to implement key projects of controlling wind and sand around Beijing and Tianjin, increase investment in natural forest protection, develop relevant policies concerning the extension of the implementation of the natural forest protection program and improve the investment and construction mechanism of the three-north forest belt program. Modern forestry will be established, unique forest products of mountainous areas, ecological tourism and carbon sink forests will be developed. The scope of implementation of arable land conversion to grassland will be expanded and the development of artificial fodder crop land and irrigated grassland will be developed. The construction of fire monitoring and early warning system for forest and grassland and fire control infrastructure facilities should be intensified. Control of desertification and small watershed harnessing in important areas will be accelerated, integrated control program of water and soil erosion of slope arable land will be initiated, prevention of flush flood and mudslide and other geographic disasters will be strengthened. The ecological compensation standard of the central finance for forest will be increased and trials of ecological compensation for grassland, wetland and water and soil conservation will be launched. It is necessary to arrange earmarked fund and use award to push forward pollution control and support pollution control in agriculture and rural areas.

### 15. Strengthening agricultural product market system construction

We will make extra efforts to support the construction of distribution infrastructure facilities as agricultural wholesale markets and rural fair markets in the key producing areas and the major distribution areas. Efforts will also be made to promote the construction of large hubs of grain circulation, cold chain system of agricultural products and distribution center of fresh agricultural products. The policies of terminating the collection of management fees of individual industrial and commercial households and that for rural fairs should be implemented. Large-scale supermarket chains and enterprises of agricultural production



distribution will be supported to undertake integration with agriculture and supermarkets to establish direct procurement bases of agricultural products. The role of rural traders should be fully tapped. Green channel policy for the transportation and marketing of fresh and live agricultural product will be gradually improved and long term implementation is needed, efforts will be made to push forward nationwide toll-free transportation of fresh and live agricultural products in legal and full truck load.

16. Promoting the construction of agricultural public service institutions at the grassroots

Following the requirements of establishing public service institutions nationwide in 3 years, including township or regional agro-technological extension, animal and plant epidemic disease control and agricultural product quality supervision, we will clearly define the responsibilities, staffing, guarantee funding and increase the capacity of service. The management and operation mechanisms will be innovated, through open recruitment and competition, we will recruit outstanding professionals. Performance examination and distribution systems will be reformed, the income of the service providers will be coupled with the responsibility of the job and work performance. The funds required by the agricultural public service institutions to perform their responsibilities will be incorporated in the local various finance budgets. Trials of setting up village service stations will be gradually carried out.

#### **IV. Stabilizing and improving rural basic management system**

17. Stabilizing rural land contracting relation

We will revise and improve relevant laws, regulations and policies to enable farmers to have fuller and guaranteed rights of land contracting management, existing land contracting relations will be maintained stable and unchanged permanently. Property rights protection of land contracting management will be strengthened, rights confirmation, registration and certificate issuance of collectively-owned land will be carried out and the rights will be allocated to the collective organization that legally performs the ownership. Trials of land contract management will be steadily carried out, the area, spatial location and property rights certificate of the contracted land lots will be given to farmer households, it is strictly prohibited to cash in the opportunity to adjust land contracting relations, and behaviors of illegally contracted land will be firmly prohibited and corrected. Implementation of grassland contracting management system should be accelerated.

18. Establishing and improving circulation market of rights of land contracting management

Circulation of rights of land contracting management must not change the nature of collective ownership of land, must not change the purpose of land and must not damage the legal rights of land contracting of farmers. Voluntary and remunerative principles will be upheld and the leading role of farmers in land circulation will be respected, no organization or individual will force circulation or hinder the spontaneous circulation. Following the requirements of improving management and strengthening services, the circulation of land contracting management rights will be standardized. It is encouraged that localities with appropriate conditions can develop circulation service organization to provide services to both sides on information exchange, legal consultation, price evaluation, contracting and settlement of disputes.

19. Implementing the strictest arable land protection system and strictest land-saving use system

Basic farmland must be allocated to land plots and written on the registration certificates of land contract, unified permanent basic farmland protection signs will be established, localities are strictly prohibited to take the liberty to change the location of basic farmland through adjusting the planning. Examination of local government performance in protecting arable

land will be strictly enforced and audit the protection of arable land and basic farmland will be implemented for leaders when leaving the position. Concrete methods for basic farmland protection compensation should be promulgated as soon as possible. The overall scale of urban and rural construction land use will be strictly controlled, land-saving system will be established and implemented in overall manner from planning, standard, market deployment, evaluation and performance examination. Land use planning of towns and townships and township and village construction planning should be timely formulated, village construction land use and residential areas should be scientifically and rationally arranged, and residential land use standard will be revised in accordance with local resource conditions. Land saved from rural residential land plots and village improvement will be first of all reclaimed to arable land, land for offsetting arable compensation quota of construction land occupation must be done following the law, which must be in conformity with the overall land use planning and incorporated in the land planning management. Reform of rural land management system will be implemented orderly and in standardized manner after the improvement of relevant laws and regulations and the promulgation of concremented matching policies.

20. Promoting collective forest rights reform

We will use about 5 years to basically accomplish reform of collective forest rights of contracting to households with clearly defined property rights. Localities where the rights of collective forest land management and ownership of forest trees have been allocated to households, efforts must be made to establish property rights exchange platform in a timely fashion, the circulation system of forest land and forest trees should be established and forest tree logging management system would be improved. Localities where the above has not been done will accelerate collective forest rights system reform on the basis of strengthening information dissemination, training and boundary surveys and certificate issuance. Support of government finance to collective forest rights system reform will be intensified and trials of policy forest insurance will be carried out. We will guide the healthy development of intermediary service in forest asset evaluation and forest management plan formulation. Trials of forest rights system reform of state-owned forest farm and key state-owned forest will be further expanded.

21. Supporting the development of farmer specialized cooperatives and dragonhead enterprises

The development of farmer specialized cooperatives will be accelerated and construction of demonstration cooperatives will be undertaken. Training of personnel of cooperatives should be strengthened and finance at various levels should provide financial support. Cooperatives will be incorporated in the tax registration system and tax registration costs will be waived. Concrete methods that finance will support cooperatives and cooperatives with appropriate condition will implement state agro-projects will be developed speedily. We support agricultural industrialization and encourage the development of agricultural product processing so that farmers will share more of the added benefit resulted from processing and circulation. Central and local finance will increase earmarked fund scale for agricultural industrialization focusing on supporting dragonhead enterprises that have strong leading role among farmers to carry out technology R&D, production base construction and quality inspection and testing. Dragonhead enterprises are encouraged to participate in guarantee system development with the support of the financing. Effective measures will be adopted to assist dragonhead enterprises to resolve the difficulties in getting loan.

**V. Promoting integration of urban and rural economic and social development**

22. Speeding up the development of rural social programs

Stable input guarantee systems for rural culture will be established and to form as quickly as possible complete rural public cultural service system. Key people-benefiting cultural

programs should be promoted, such as broadcast and television outreaching villages, sharing of cultural information resources, the construction of township comprehensive cultural stations and village cultural rooms, film projection in rural areas and farmer libraries. The results of universal compulsory education in rural areas should be consolidated. The subsidy standards for public funds of the rural schools and for boarding students with household economic difficulties will be uplifted, the treatment of rural teachers will be improved. Safety inspection, consolidation and renovation of middle and primary school premises in rural areas will be carried forward. Vocational education in rural areas should be accelerated. Starting from 2009, students of vocational schools with household economic difficulties in rural areas and students majoring in agriculture related disciplines will have fees waived. The incremental student subsidies of the state will be tilted to the students from rural areas. New type of rural cooperative medical care will be consolidated and developed. Guarantee for hospitalization of serious sickness will be the mainstay while giving consideration to the clinic medical care guarantee. Trials of pooling funds to cover clinic costs will be carried out, localities with appropriate conditions can uplift the financial subsidy standard and level. Input will be further increased to strengthen the construction of county, township and village medical care public service system. We should seize time tightly to formulate guiding opinions on new type of rural social pension insurance system in which individual pays, the collective supports and the government subsidizes. The central and provincial government will increase the subsidy to the rural minimum living guarantee and uplift rural minimum living guarantee standard and subsidy level. Social security issues of employees of the land reclamation system should be studied soonest.

#### 23. Accelerating rural infrastructure facility construction

Rural safe drinking water project construction plan will be adjusted, investment and construction will be intensified, and rural schools and state-owned farms (forest farms) will be incorporated in the scope of construction. The coverage of power supply by power grids will be expanded and implementation of the same price from the same grid to rural and urban areas should be accelerated. Input in rural hydropower construction will be increased and construction scale of small hydropower to substitute fuel should be expanded. Rural road construction will be speeded up, all townships in the country and administrative villages in the eastern and central parts of the country with appropriate conditions will be connected by asphalt (cement) road by the end of 2010, administrative villages in the western regions with appropriate conditions will be connected with road, the central government finance will increase investment in rural road construction in the central and western areas, policy subsidy system to rural passenger transportation will be established. Investment in rural biogas construction will be increased, and trial and demonstration of crop stalk gasification will be expanded. Rural information works should be developed. Renovation of shabby temporary shelters of the state-owned forest farms and land reclamation areas will be increased, settlement programs of pastoral herders will be implemented and the trial of renovation of dilapidated premises of the rural areas will be expanded.

#### 24. Actively expanding employment of rural laborers

Localities and relevant departments should attach great attention to the problems of employment difficulties and lowered wage of farmer migrant workers at the present and adopt forceful measures to help settle down farmer migrant workers to the maximum extent possible and make efforts to increase the income of labor of farmer migrant workers. Enterprises should be guided to fulfill social obligations and we will support enterprises to keep farmer migrant workers as much as possible, urge enterprises to timely pay wages in full and appropriately handle labor and wage disputes. Enterprises facing temporary difficulties in production and operation, we should guide them to adopt multiple measures such as flexible labor use and flexible hours and on-job training to stabilize employment. Urban and rural infrastructure facility construction and incremental public goods employment opportunities will be given to farmer migrant workers as much as possible. The method of

food for work will be adopted to guide farmers to participate in the construction of agriculture and rural infrastructure facilities. Governments at both the origin of labor and recipient region of labor and enterprises should increase input, large-scale targeted and practical skill training of farmer migrant workers will be delivered. Localities with appropriate conditions can incorporate laid-off farmer migrant workers in the scope of relevant policy support. Policies of supporting farmer migrant workers to initiate their businesses at home should be implemented and such support should be reflected in loans, reduction and exemption of tax and fees, industry and commercial registration and information consultation. The legal land contracting rights of the farmer migrant workers returned home must be guaranteed, farmer migrant workers returned home but without any source of living will be provided with temporary relief or incorporated in the rural minimum guarantee. At the same time, the potential of employment within agricultural sector should be full explored to broaden off-farm employment in rural areas and farmers should be encouraged to start their own business in local areas. We will seize time tightly to formulate the pension insurance method suitable to the characteristics of farmer migrant workers and the problem of transfer, acceptance and continuation of pension insurance relations cross social security regions of pooled retirement pension should be resolved. Statistical monitoring systems of farmer migrant workers should be established.

#### 25. Promoting rural integrated reform

Following the requirements of forcefully strengthening social management and public service functions and accomplishing reform by 2012, township institutional reform will be continued. Reform of "township finance managed by county" will be promoted, county and township should strengthen supervision of agriculture related funds. Efforts will be made to gradually establish fund guarantee systems for the operation of village organizations, with stable fund sources, standardized management and forceful guarantees. Experiences of trials should be summarized, relevant policies should be improved, the case-by-case financial award and subsidy trial scope of rural public undertaking will be extended, central and the provincial financing should increase input into trials. We should actively and soundly dissolve township and village debts, by the 2010 we will basically complete eliminate the debts of rural compulsory education nationwide, and will continue to select trials of dissolving township and village debts formed whilst constructing rural public undertakings directly related to the interest of farmers.

#### 26. Increasing the development momentum of county economies

Financial revenue distribution pattern will be adjusted, general transfer payments to county and township budgets will be increased, the proportion of county budget in the financial resources distribution below provincial level should be increased and the exploration will be implemented for the establishment of basic financial resource guarantee system for county and township budgets. Reform of provinces directly managing county (municipal) budgets will be pushed forward, big grain, oil-bearing, cotton and pig production counties will all be included in the reform. Trial reform of expanding the power of counties to boost development will be steadily implemented, provinces with appropriate conditions should be encouraged to ahead of others reduce administrative levels and explore by law the system that the province directly administers counties (municipals). Small towns with rapid economic development and strong capacity of absorbing population will be granted by law the administrative management rights in terms of investment approval, industry and commerce administration and public security. The development of township enterprises will be supported, input in technological renovation will be increased and industrial grouping and upgrading should be promoted.

#### 27. Actively exploring rural markets

We will support the cooperation of distribution and production enterprises to establish regional rural commodity procurement alliances, using modern distribution methods to build

and transform the distribution network for daily consumables of rural areas, the coverage of "farmer household shops" should be expanded, priority will be given to improving distribution rate and unified account settlement to better rural consumption environment. Design and development of daily consumables and construction materials suitable to rural characteristics should be encouraged. In 2009, "sending household electric appliances to rural areas" will be implemented nationwide, farmers who buy designated household electric appliances such as color TV, refrigerator, mobile phone and washing machine will be given direct subsidy by the state according to the certain proportion of product sales price, and products to be subsidized will be increased according to actual needs. The quality of household electric appliances must be ensured and post-sales services must be well performed. Regulation of production and marketing of agricultural production materials will be strengthened, fertilizer production will be supported, off-season reserve will be increased to ensure market supply. We will support supply and marketing cooperatives, post offices and commercial and trade enterprises and farmer specialized cooperatives to accelerate development of chain operations of agricultural production materials, and sale of agricultural production materials based on credit will be promoted. Localities with appropriate conditions should be encouraged to build rural comprehensive service centers. Supervision of rural market should be enhanced and behaviors of cheating and damaging the interest of farmers should be seriously dealt with.

## 28. Improving national poverty reduction strategy and policy system

The principle of poverty reduction through development will be upheld, methods of effectively integrating rural minimum living guarantee system and poverty reduction and development should be formulated. New poverty reduction standards will be implemented, poverty reduction policies will be implemented in overall manner to the poverty population whose food and clothing problems have been resolved and to the low income population, efforts will be made to resolve food and clothing problems and to realize shake-off poverty for prosperity, the focus will be placed on the improvement of the self-development capacity of rural poverty population. We will continue to increase fund input in poverty reduction, to strengthen village-wide poverty reduction approach, upgrade the quality of labor transfer training and uplift the level of poverty reduction through industrialization. Priority support will be given to poverty reduction and development of old revolutionary bases, ethnic minority areas and frontier areas. We will actively and steadily implement poverty reduction through resettlement, integrated improvement of special types of poverty-stricken areas will be carried out. The role of sectors in poverty reduction should be fully tapped and we will continue to mobilize all walks of life to participate in poverty reduction and actively carry out international cooperation in combating poverty.

Party committees and governments at all levels should uphold that well resolving issues of agriculture, rural areas and farmers is the top priority of the entire Party and the entire work of the government. The leadership of the Party in rural works should be truly strengthened and improved to ensure that various rural policies of the Party will be implemented on the ground. In-depth studying and practicing scientific development outlook should be firmly carried out in rural grassroots, following the requirements of scientific development outlook and righteous political achievement concept, we will take grain production, farmers' income growth, arable land protection, environment improvement and harmony and stability as the important contents for evaluating performance of local particularly county (municipal) leadership, indicators should be formulated as soon as possible for strict supervision and inspection. The construction of village organization with the village Party organization as the core should be well carried out, activities of "sanjilianchuan"<sup>1</sup> in rural areas will be deepened,

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<sup>1</sup> Sanjilianchuan: establishment of "fivegood" village Party organization, "fivegood" township Party committee and model county and municipal of rural grassroots organization construction. "Fivegood village Party organization: good leadership team, good Party member cadre team, good work style, good performance in better-off construction and good reputation among farmers.



the setup method of rural Party organization will be innovated, the organization and work coverage of the Party in rural areas will be expanded. Party member dynamic management system unifying urban and rural areas will be established and improved to strengthen education and management of farmer migrant Party members. Activities for striving for the best will be extensively carried out. Activity carrier of Party member position responsibilities and commitment to the position should be improved. Construction of Party working style and clean governance in rural areas will be strengthened, supervision and inspection of the implementation of rural policies of the Party will be well performed, outstanding problems damaging the interest of farmers will be seriously dealt with. The system and method of two-nomination and one election of village Party organization and direct election villagers' committee will be improved, the source of rural cadres should be broadened, meanwhile, we will steadily push forward the graduates of colleges and universities to assume positions in rural areas and implement the plan that one village will have one graduate, its corresponding lasting mechanism and policy measures will be improved. The mechanism for nurturing, selection and promotion will be innovated, village Party branch secretary should be the best and strongest in the village. Following the requirements of setting responsibility targets, reasonable treatment with the work delivered, good performance leading to bright perspectives and certain guarantee after leaving the position, the basic remuneration of the village cadres will be set at no less than the average income of local rural laborers, in line with the actual situation and the performance, evaluation and award system will be setup. The problem of pension of village cadres will be gradually resolved. Efforts will be made to select the outstanding village cadres to positions of township leadership, township civil servants and the township public service units. Construction of modern distance education for rural Party members and premises for village organization activities will be actively promoted. Construction of Rural democracy and ruling by law and spiritual civilization will be strengthened, transparency of political affairs, village affairs and Party affairs will be promoted. We will attach the greatest attention to rural social stability, well handle outstanding contradiction and problems triggered by land acquisition, environment pollution, resettlement and disposal of collective assets in rural areas, meanwhile, complaints through correspondence will be well handled. Integrated improvement of rural public security will be carried out, construction of rural policy will be promoted. We will oppose and stop activities that use religion and kinship power to interfere rural public affairs, tightly prevent the penetration of hostile forces outside the country in rural areas and maintain rural social harmony and stability.

Good performance of agricultural and rural works in 2009 is of significant importance. We will closely unite with the Party Central Committee headed by Secretary General Comrade Hu Jintao to forge ahead with solid works, carry forward in the face of difficulties to open up a new situation of rural reform and development.